

Message Text

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ACTION EB-07

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FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 5553

INFO AMCONSUL MELBOURNE

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EO 11652: N/A

TAGS: EAIR, ETRN, ENRG, AS

SUBJ: PROPOSED EMBASSY NOTE TO AUSTRALIAN GOVERNMENT

- AVIATION FUEL PRICES

REF: (A) STATE 088426 (B) CANBERRA 2156 (C) STATE 236661, 10/26/74

1. SUBJECT DEPARTMENT'S CONCURRENCE, EMBASSY INTENDS DELIVER
NOTE TO GOA REQUESTING ASSURANCE THAT GOA REVIEW AND APPROVAL
OF AVIATION FUEL CONTRACT PRICES WILL NOT INTRODUCE OR CAUSE
DISCRIMINATION AGAINST AMERICAN INTERNATIONAL AIR CARRIERS
IN RELATION AUSTRALIAN FLAG INTERNATIONAL CARRIER. SUBSTANCE
OF PROPOSED NOTE SET FORTH PARA 4 BELOW FOR DEPARTMENT INFO
AND APPROVAL.

2. BACKGROUND IS THAT EMBASSY HAS CONTINUED IN CLOSE
CONSULTATION PAA AUSTRALIA HEADQUARTERS AND SHARES LATTER'S
VIEW THAT USG REQUEST FOR SUCH ASSURANCES TIMELY IN RELATION
UNRESOLVED QUESTION OF FUTURE PAA FUEL PRICE IN SYDNEY.

3. FYI, MOST RECENT DEVELOPMENT IN GENERAL SITUATION IS
REPORTED CABINET AGREEMENT IN PRINCIPLE THAT AVIATION FUEL
PRICE FOR INTERNATIONAL AIRLINES BE RAISED TO "WORLD LEVELS".
DETAILS AND TIMETABLE FOR IMPLEMENTATION OF REPORTED
CABINET DECISION NOT YET KNOWN.

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4. SUBSTANCE PROPOSED NOTE AS FOLLOWS:

A. EMBASSY AWARE THAT BRITISH PETROLEUM CORPORATION CONTRACT FOR DELIVERY PAN AM SYDNEY REQUIRES NEW AGREEMENT ON PRICE EFFECTIVE JULY 1, 1975.

B. AVIATION FUEL SUPPLIERS REQUIRED TO OBTAIN APPROVAL OF GOA DEPARTMENT OF MINERALS AND ENERGY (DME) ON PRICES SUPPLIER PROPOSES TO OFFER IN CONTRACT NEGOTIATIONS. WE UNDERSTAND BRITISH PETROLEUM HAS SUBMITTED SEVERAL PRICE PROPOSALS TO DME FOR NEW PAN AM AGREEMENT. ALL PROPOSALS TO DATE HAVE BEEN DISAPPROVED BY DME AND BRITISH PETROLEUM REQUESTED SUBMIT NEW PROPOSALS FOR PRICE OFFER AT HIGHER BUT UNSPECIFIED LEVEL.

C. SERIOUS FINANCIAL DIFFICULTIES FACING INTERNATIONAL AIR CARRIERS INCLUDING PAN AMERICAN CAUSE USG TO ATTACH SPECIAL IMPORTANCE TO AVOIDANCE OF DISCRIMINATORY PRACTICES WHICH PLACE U.S. INTERNATIONAL CARRIERS AT DISADVANTAGE IN RELATION TO COMPETING INTERNATIONAL CERS OF OTHER NATIONS.

D. DEPARTMENT HAS ACCORDINGLY INSTRUCTED EMBASSY TO EXPLORE GOA VIEWS RESPECTING PRICING OF AVIATION FUEL DELIVERED IN AUSTRALIA TO INTERNATIONAL AIRLINES, PARTICULARLY PAN AMERICAN.

E. EMBASSY HAS BEEN INSTRUCTED ESPECIALLY (1) TO EXPRESS USG VIEW THAT AMERICAN INTERNATIONAL CARRIERS OPERATING OUT OF AUSTRALIA ARE ENTITLED TO NON-DISCRIMINATORY TREATMENT IN RELATION TO THE AUSTRALIAN FLAG INTERNATIONAL CARRIER; (2) TO EXPRESS USG HOPE THAT GOA SHARES THIS VIEW AND THAT USG MAY THEREFORE EXPECT THAT DME REVIEW OF PRICES PROPOSED TO BE OFFERED TO PAN AMERICAN WILL NOT HAVE THE EFFECT OF CAUSING, NOR RESULT IN, ANY PRICE DISADVANTAGE TO PAN AMERICAN IN RELATION TO AUSTRALIAN FLAG INTERNATIONAL CARRIER; AND (3) TO REQUEST GOA COMMENT AND CONFIRMATION OF ABOVE USG EXPECTATIONS.
(END OF SUMMARY OF PROPOSED NOTE)

5. WHEN QUESTIONED CONCERNING BASIS FOR USG VIEW IN 4E(1), EMBASSY WOULD PROPOSE TO CITE SECTION III(B) OF 1946 U.S.-AUSTRALIA BILATERAL AIR AGREEMENT.
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